

# Are You Monitoring The Right Performance Metrics?



TED ROBINSON

**“Measurement is the first step that leads to control and eventually to improvement. If you can’t measure something, you can’t understand it. If you can’t understand it, you can’t control it. If you can’t control it, you can’t improve it.”**

~ H. James Harrington

Our recent series of BoardRoom articles deals our five key steps to club success: (1) Having the right “Vision, Mission and Brand Position” statements for your club’s unique market position; (2) “Achieving the Ideal Balance Between the *Member Experience* and the club’s *Financial Performance* (3) Communicating with and Educating Our Members and (4) Excellent Management of Each Business Unit.

The fifth of our Keys to Club Success is: *Establishing and Measuring Performance Metrics at the proper frequencies* to ensure the optimal balance between *Member Experience* and *Financial Performance* is achieved and maintained. Many clubs do not achieve their positive financial potential because they do not measure critical performance metrics often enough or soon enough.

We recommend three separate frequency metric reviews: (1) Daily dashboard; (2) Weekly update and (3) Monthly business review. Of course each operation must determine its own property specific metrics, but in concert with assuring the *excellent management of each business unit*, we suggest, as a start, the following metrics for these example departments – things the best companies in this specific business measure:

#### **Human Resources Performance Metrics**

- Turnover (hourly and salary by department)
- Average wage rates/compensation by department
- Workers compensation/Liabilities
- Performance management
- Bench strength ( HR game planning)

#### **Sales Performance Metrics**

- Member database of information

- Prospect database of information
- Productivity of sales personnel
- Sales pipeline and stages of sales process
- Close ratios
- Revenue

#### **Food & Beverage Performance Metrics**

- Inventory levels and turns
- Cost of sales by category
- Ideal cost of sales
- Labor ( BOH and FOH) hours per revenue dollar
- Sales mix
- Check averages
- Guest counts

#### **Member Service Performance Metrics**

- Heavy user spending
- Frequencies of purchases
- Repeat frequency
- Low user tracking

#### **Member Satisfaction Performance Metrics**

- Annual member satisfaction survey
- Key event-specific surveys (member guest/Thanksgiving, etc.)
- Member telephone interviews
- Individual experience evaluation (i.e., your golf experience today)
- Discussion groups
- Focus groups

#### **Retail Performance Metrics**

- GMROI ( Gross margin return on inventory)
- Inventories turns
- Products sold at full margin
- Products sold at discounts levels
- Revenue per square foot
- Brand sales per display space allocated

These are examples of critical metrics that great human resource, retail, sales and restaurant companies use to achieve continuing success. All can be used to assure a private club’s

*from Membership Marketing | 30*

progress, department by department – and certainly this is not an all encompassing list. And required metrics will certainly vary by type of club (legal organization, facilities)

Most of these measurements can be obtained from the different software programs already installed in most clubs. However, many clubs have not established the necessity of

pulling the specific information from the programs in a management friendly format. In most cases there is no need for any additional expense.

The monthly business review highlights critical components of the monthly financial reports and includes crucial ratios and measures of components required to measure the club's overall progress performance (net membership change, rounds, covers, etc.). It should be presented by the

GM to the board early in the month – normally no later than the 10th, No need to get the board glassy eyed over minute details - get the governors directly to the meat. A gratuitous by-product might be board meetings that last less than three hours. **BR**

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*from House Committee | 32*

Does your club have a mission statement, vision statement and core values? If so, how well and how often are they communicated to your team – from the department heads to line staff?

Can your communications effort benefit by translating the club's mission

statement into departmental statements of purpose and a list of department-specific service guarantees?

Consider tasking your department heads with that effort by gathering input and buy-in from their teams to come up with their own service guarantees. **BR**

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*from Course Design | 34*

Club history, the original designer's intent and original bunker sizes all have to be probed. The analysis of a particular sand bunker and how it relates to the golf holes is undertaken as it relates to shot value and aesthetics.

Before renovation or adding sand bunkers, evaluate what effect any proposed work will have on the golf course as a whole. It is important that original design and intent are not lost in over-eagerness to rectify a situation that may or may not be a problem.

Proper planning and construction can achieve favorable results by retaining or rediscovering the original character of the golf course. It also increases efficiency of maintenance and course attractiveness for years to come. Upon completion of the analysis, work toward renovation can begin. **BR**

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*from Legal Management | 70*

try involving environmental damage and personal injury claims stemming from chemical based golf course maintenance and the trend suggests there will be more to come.

In these cases, claimants allege that improper golf course maintenance resulted in arsenic and other chemical elements concentrations sufficiently high to cause cancer and other diseases. Notwithstanding the fact that monosodium methyl arsenate (MSMA) had been registered for use at cemeteries, parks and other uses in addition to golf courses, the Environmental Protection Agency (EPA) recently ruled against its continued use, adding more concern about the use of this particular compound.

With the growing focus on environmental causes of disease, it is no wonder the golf industry will consider alternatives to the traditional chemical solutions for golf course maintenance.

The bottom line for owners, managers and operators is that when pesticides and other regulated substances are used to help keep golf courses green, the laws and courts require diligence. Best management practices for turf management, including precise application protocol and record keeping, help assure environmental quality and may be beneficial in the defense of potential liability.

While strict compliance under the applicable environmental laws may be difficult, failure to comply could be costly and clubs are wise to proceed judiciously according to these environmental requirements. **BR**

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